BANK OF CANADA
BANQUE DU CANADA

Senior Loan Officer Survey

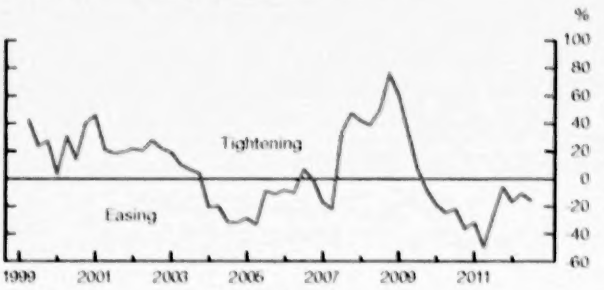
on Business-Lending Practices in Canada Results of the Third-Quarter 2012 Survey | Vol. 5.3 | 15 October 2012

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the third quarter of 2012.

- The survey results point to a continued easing in overall business-lending conditions during the third quarter of 2012 (**Chart 1**). Both the price and non-price aspects of business lending eased during the quarter (**Chart 2**). Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- Responses from senior loan officers indicate that price and non-price lending conditions continued to ease across all borrower categories. This was most evident for corporate borrowers and small businesses, which experienced an easing in overall lending conditions for the thirteenth and eighth consecutive quarters, respectively. For commercial borrowers, lending conditions eased for the tenth quarter in a row.
- Senior loan officers continued to consider competition among lending institutions and from capital markets as the key factor underlying the easing in business-lending conditions.
- The balance of opinion regarding the demand for credit from financial institutions was modestly positive during the third quarter, primarily reflecting a rise in the demand for financing for general purposes.

Chart 1: Senior loan officers reported continued easing in lending conditions for Canadian non-financial firms...

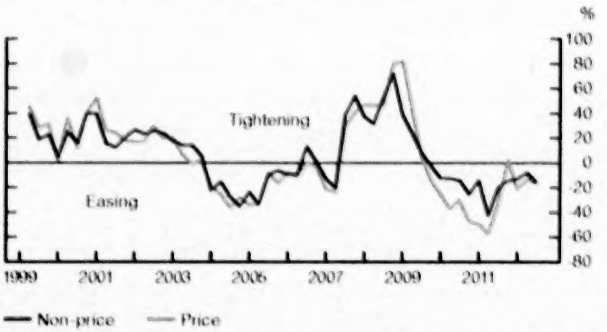
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...in both price and non-price terms

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The third-quarter survey was conducted between 17 and 21 September 2012. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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